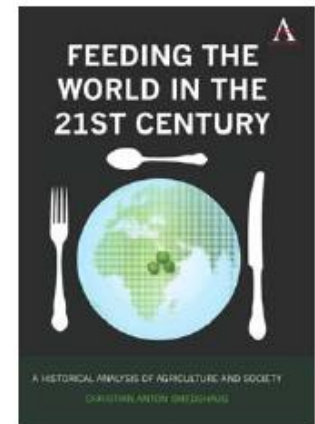


The rationale behind Norwegian agricultural modell

Chr. Anton Smedshaug, Ph.d

AgriAnalyse



Main traits - Norwegian agriculture

- About 42 000 farmers on 350 000 sqkm
- Around 90 000 persons working incl industries
- Strong cooperatives market regulators
- Outside EU – part of EEA-agreement

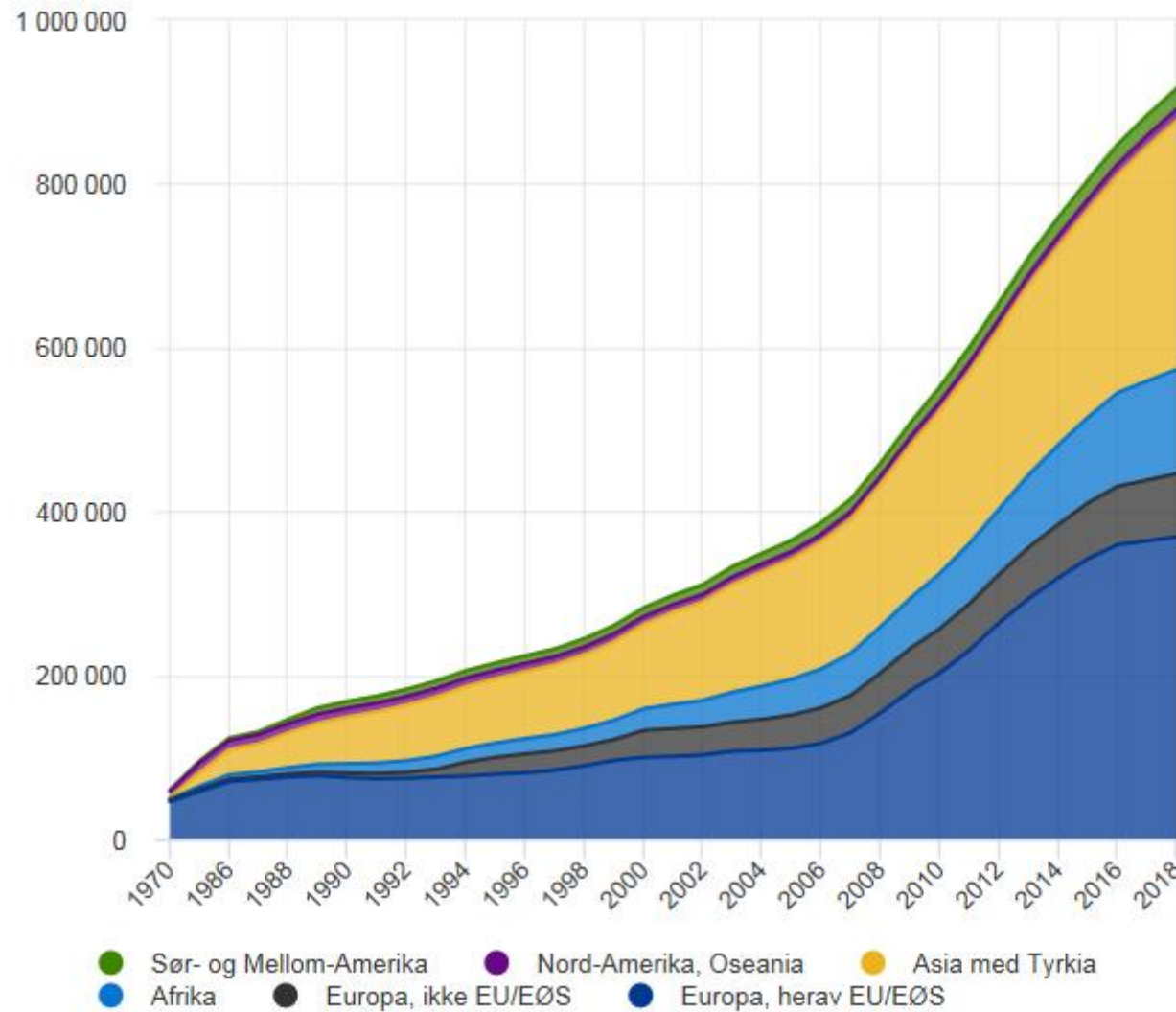


Main challenges

- 20% more mouths in 2030?
- Self sufficiency degree should be improved
- Only 3% arable land
- Scarsely populated
 - 14 persons/km²
- Small farms
 - 26 cows
 - 23 hectars
- High costs
- Growing season half of the Paris basin

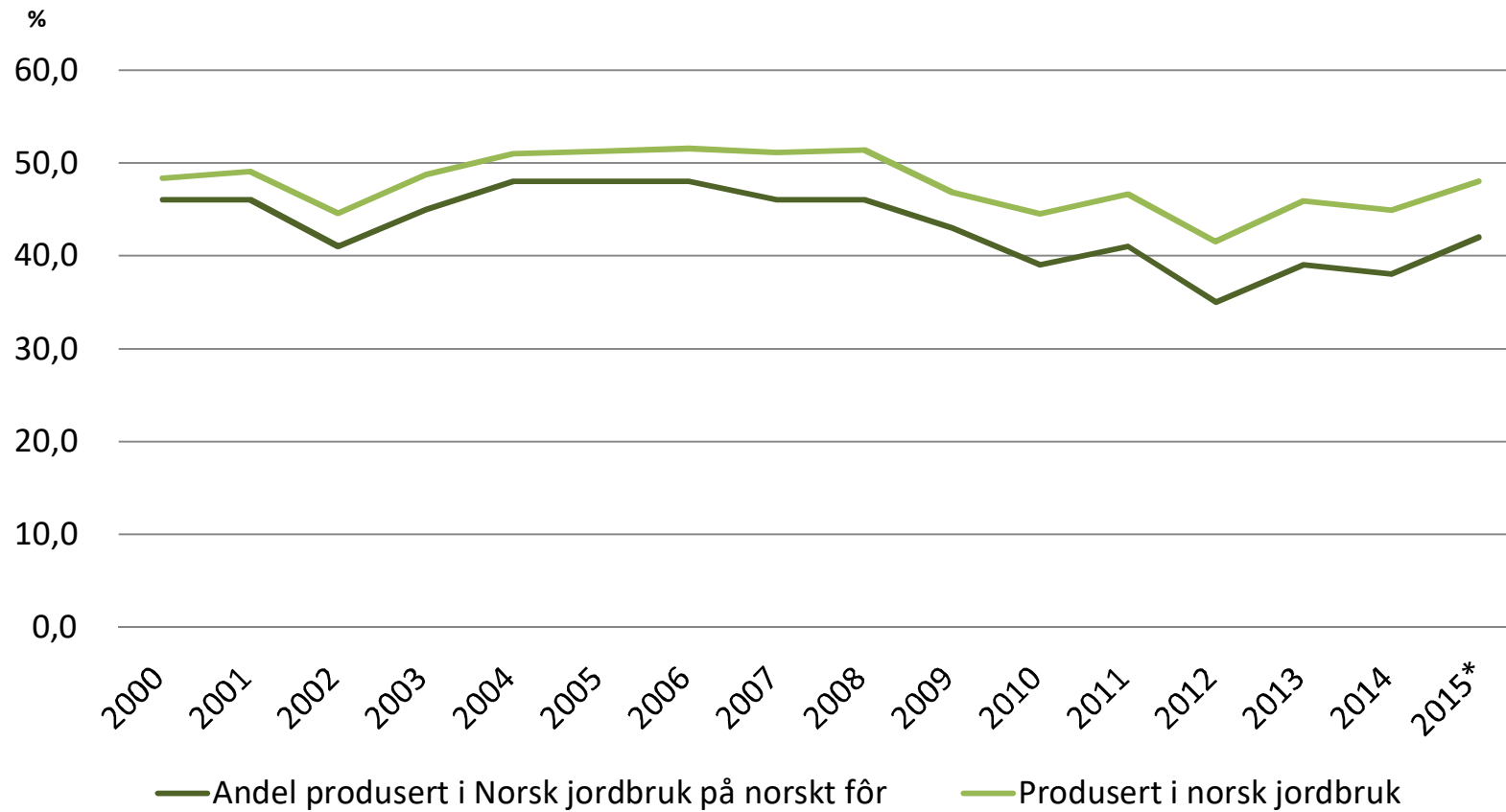


Figur 1. Innvandrere og norskfødte med innvanderforeldre etter landbakgrunn

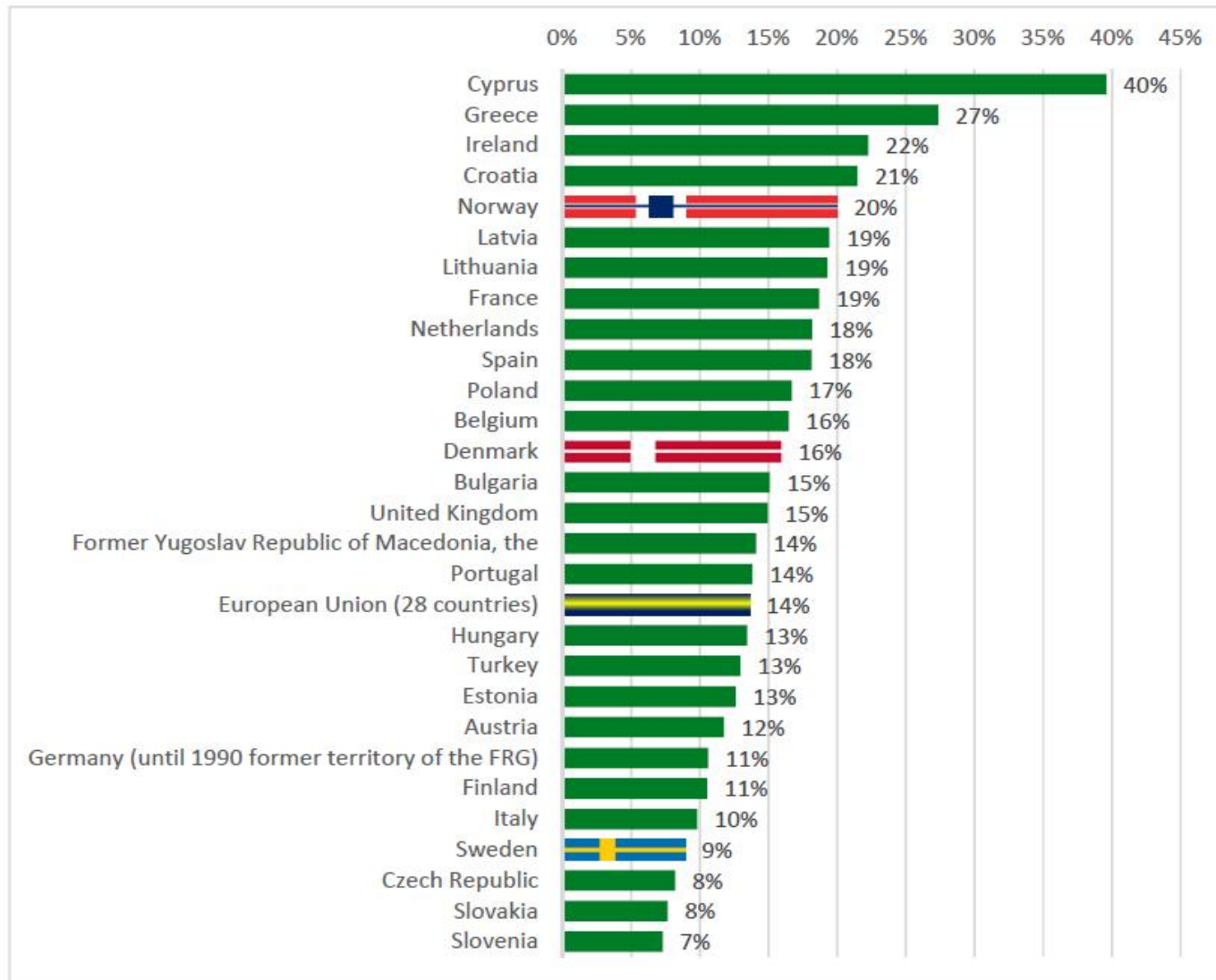


Kilde: Innvandrere og norskfødte med innvanderforeldre, Statistisk sentralbyrå.

Selfsufficiency

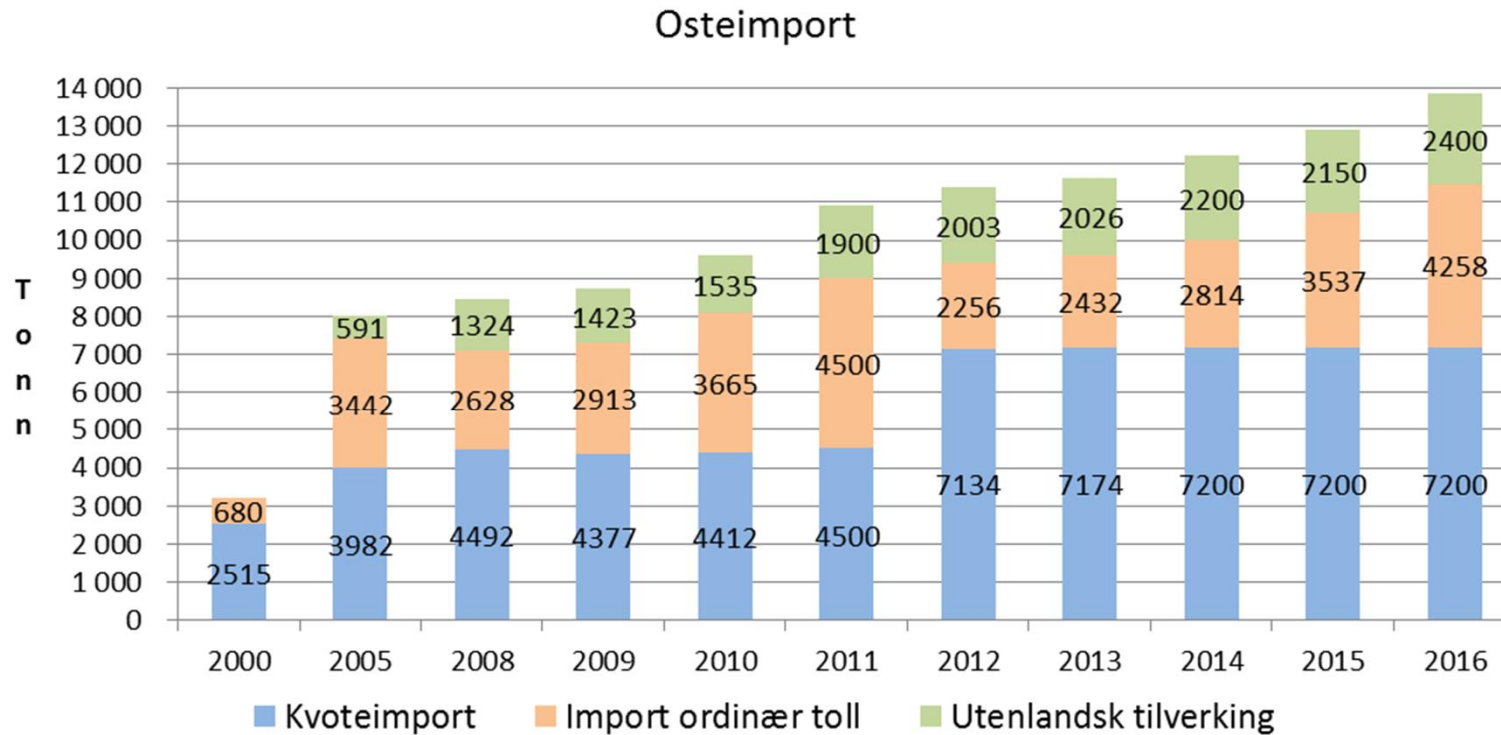


Processing industri, share of total industry



(Eurostat 2017)

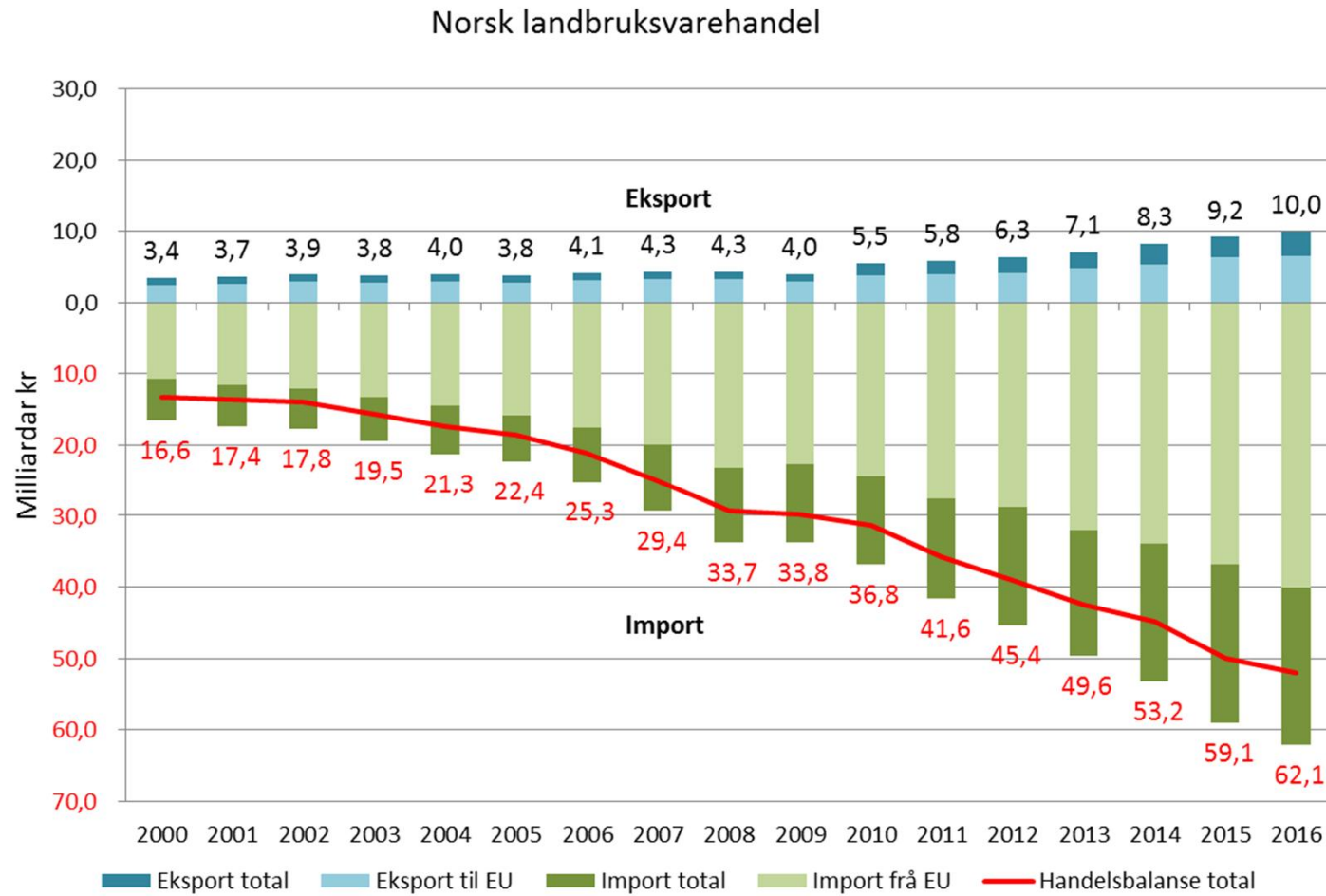
Import of cheese to Norway (HS: 04.06)



AgriAnalyse/Landbruksdirektoratet/SSB

➤ Norwegian export of Cheese for 2016 was 11 858 ton.

Development of Norwegian Agricultural trade



AgriAnalyse/Landbruksdirektoratet/SSB

- ❑ Handelsbalanse: 2000 = -13,2 milliardar kr, 2016 = -52,1
- ❑ Handelsbalanse med EU: 2000 = -8,4 milliardar kr, 2016 = -33,6

The Norwegian Agricultural model

- 1905-1928, 1995 Tariffs,
- 1930/1936 Law of market regulation
- 1950- State – Farmers union agreement
 - Yearly negotiations
- Cooperatives
- Family farming (priceregulation, odal-law, quotas (milk), max limits (pig, hen, broiler))
- Production distribution **grain - milk**

Why is there an agricultural policy

- To secure enough food to falling prices
 - Avoid too low profit due to excess production
 - Difficult regulation on farm level
 - Stable demand
- To avoid regression of self-exploiting family farms to subsistence farming
- To limit price variability leading to indebtedness and reduction of production
- To neutralize differences in production conditions
- To secure future investment and productivity gain
- To secure public goods
- To make possible a democratic distribution of land

b) Agriculture

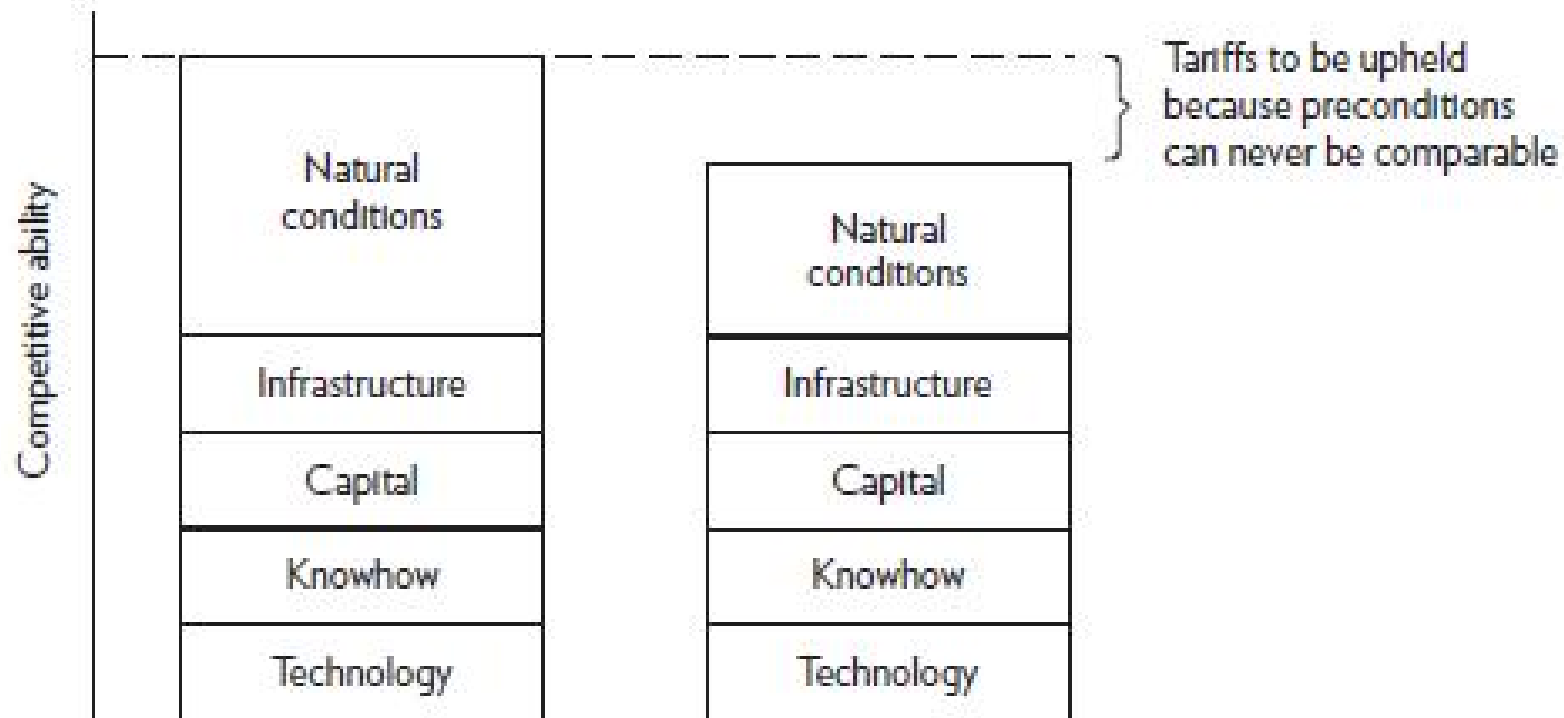


Figure 5.6 The conditions that govern competitiveness in agriculture and industry are different.

- a) Competitiveness in industry depends on a number of factors that can be levelled out between countries.
- b) Competitiveness in agriculture depends both on factors that can be levelled out and ones that cannot.

Agricultural Commodities + Follow

Wheat price falls to lowest level in a decade

Commodity goes below \$4 a bushel for first time since 2006 as good weather helps yield bumper crop



© Getty



4 Save

YESTERDAY by **Gregory Meyer** in New York

The price of wheat has crashed to the lowest level in a decade as huge harvests pile up in big growers from Russia to the US, cutting the cost of staple foods around the world.

Extensive planting and benign weather have forced analysts to repeatedly raise crop outlooks. The International Grains Council last week increased its global wheat production forecast to a record 743m tonnes, up 1 per cent from last year.

Chicago soft red winter wheat futures \$ per bushel

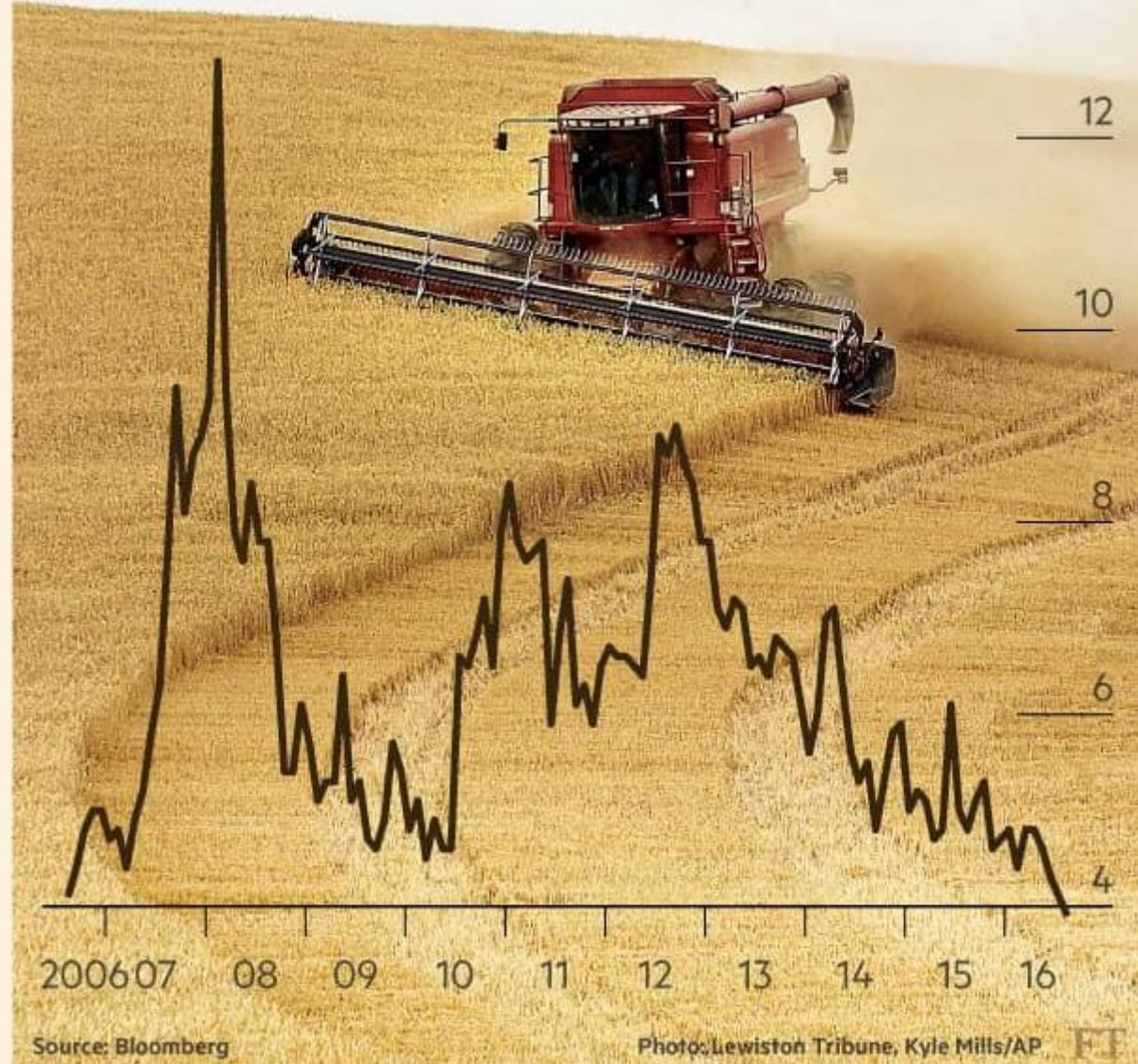
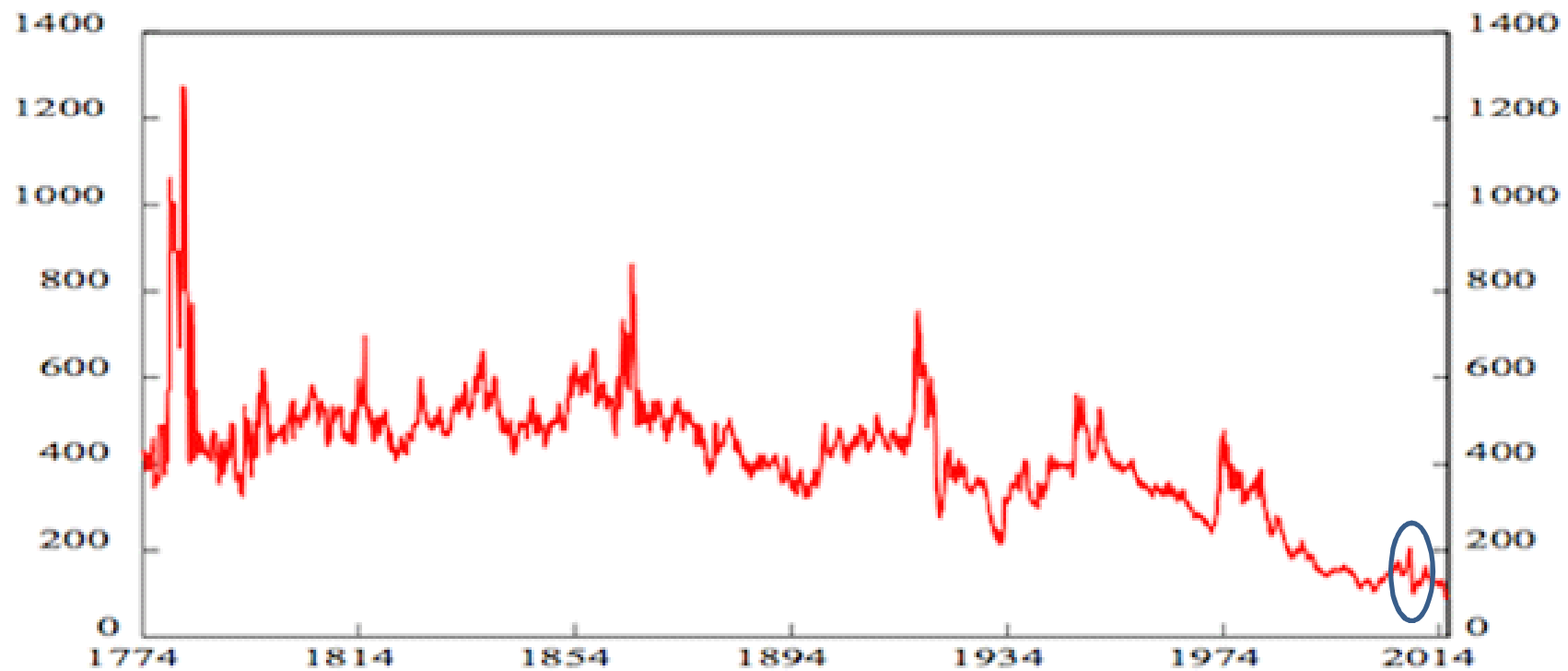


CHART 9

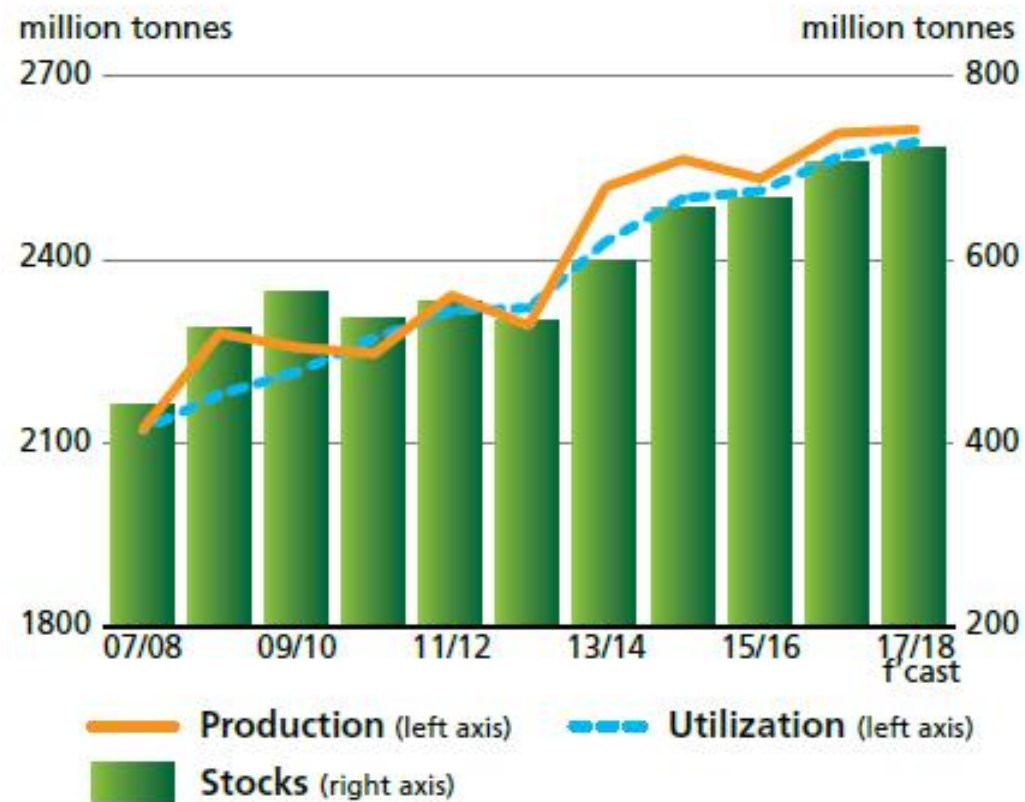
Real U.S. Commodity Prices CRB index deflated by CPI

Last Point 6/15: 93.93



Source: Bianco Research, Bureau of Labor Statistics and *Historical Statistics of the United States*

CEREAL PRODUCTION, UTILIZATION AND STOCKS



The long term situation

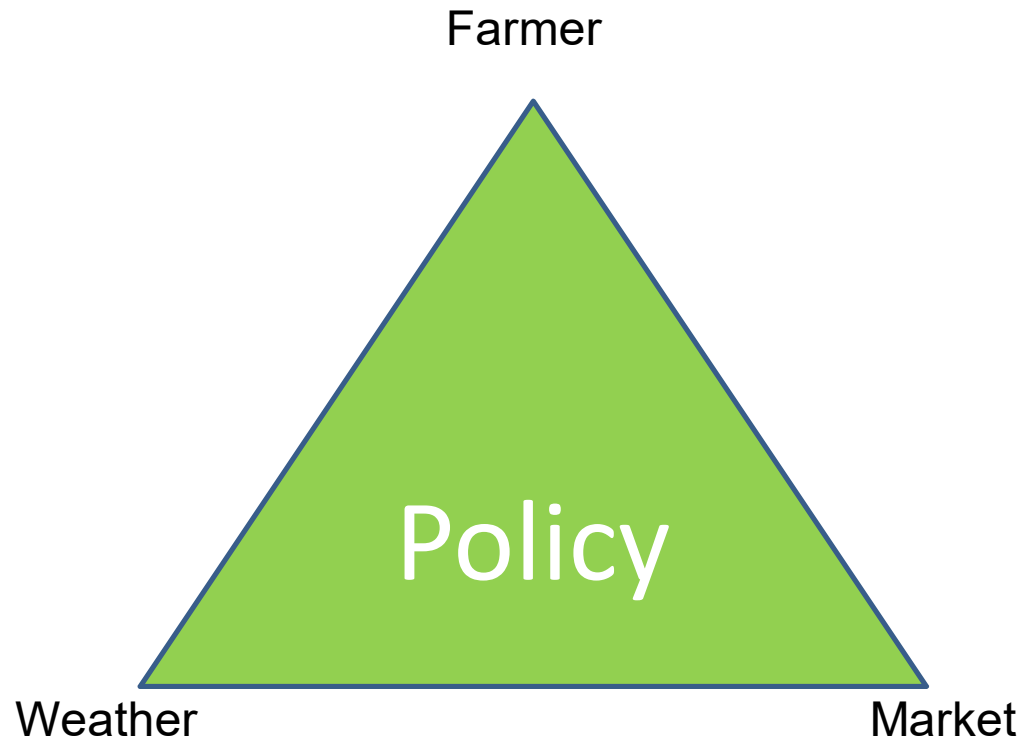
When agriculture meets technology -agriculture overshoots

1930's – 1980- (x 2007-13)

- Roosevelt agricultural adjustment act and the making of moder agricultural policy



Agricultural politivity – a buffer



Main policy set in negotiations

- Annual negotiations between the state and the two farmers organisations
- Lead by ministry of AG
- Approved by Parliament
- Split - but increasing political consensus on system and policy



What do we negotiate about?

- Target prices
- Subsidies
- Do NOT negotiate:
 - Tariffs and import regulations
 - Taxes
 - Rules and regulations
- The outcome gives us RIGHTS, but also a DUTIES
- Do not negotiate about a guaranteed minimum farm income, but about the possibilities for farmers to make an income

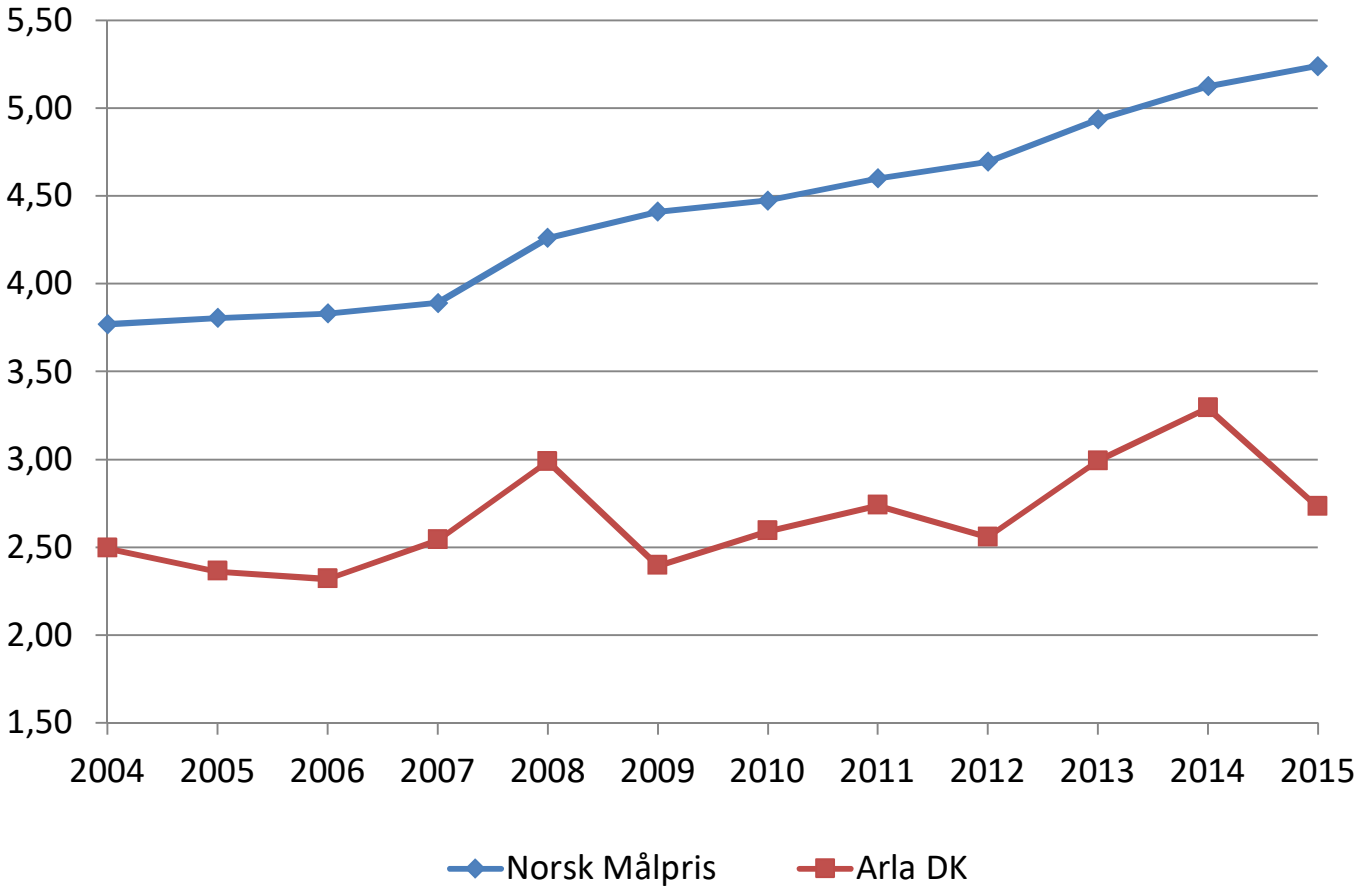


Target prices

- Maximum price on representative goods for meat, grain, vegetables, egg and milk
- Not the price the farmer will receive; further out in the foodchain i.e after the pig is slaughtered
- Reflect the price paid in a balanced market and with the existing level of tariffs
- Market regulation is linked to the target prices

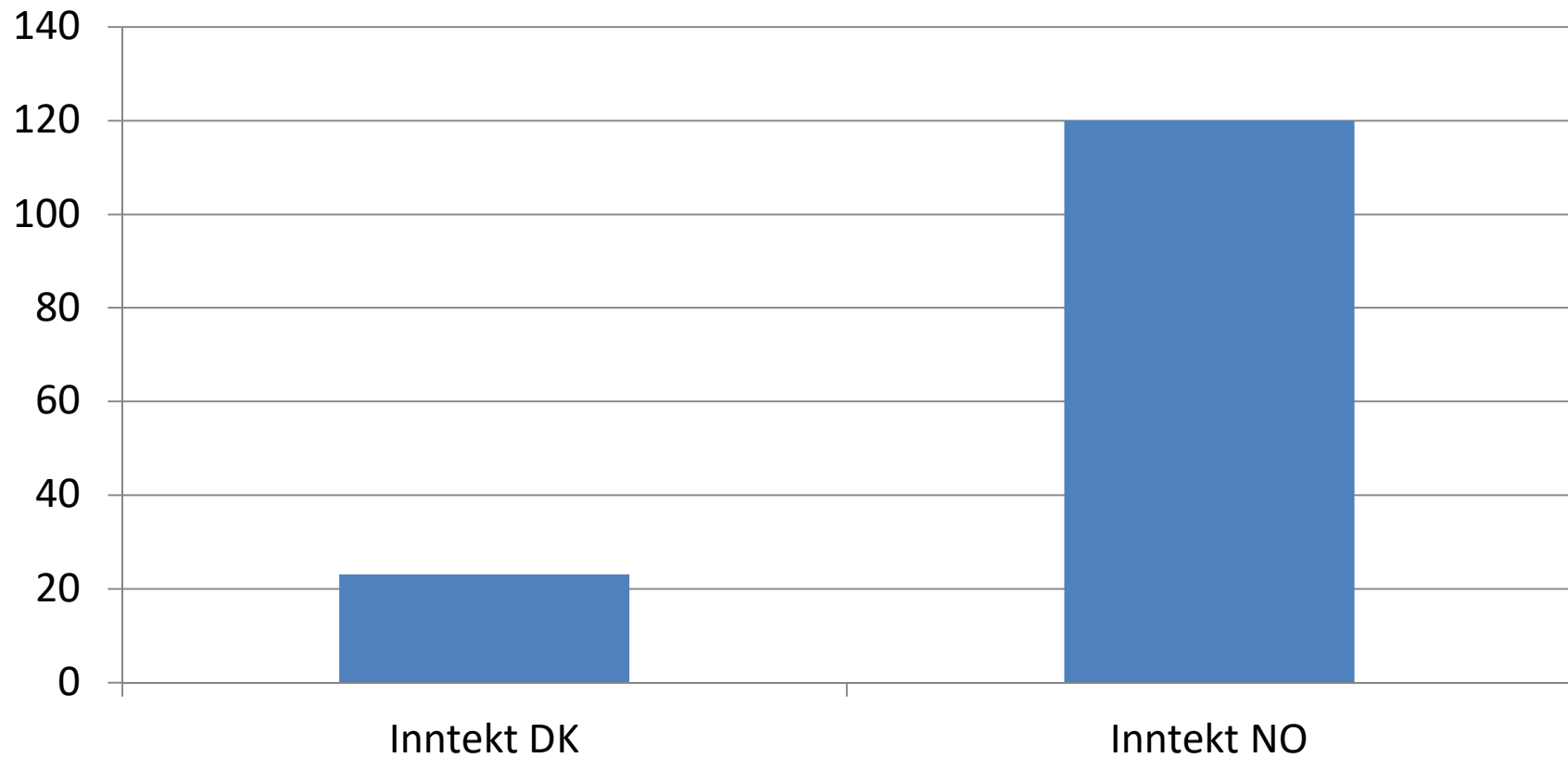


Milkprice – Norway vs Arla Dk

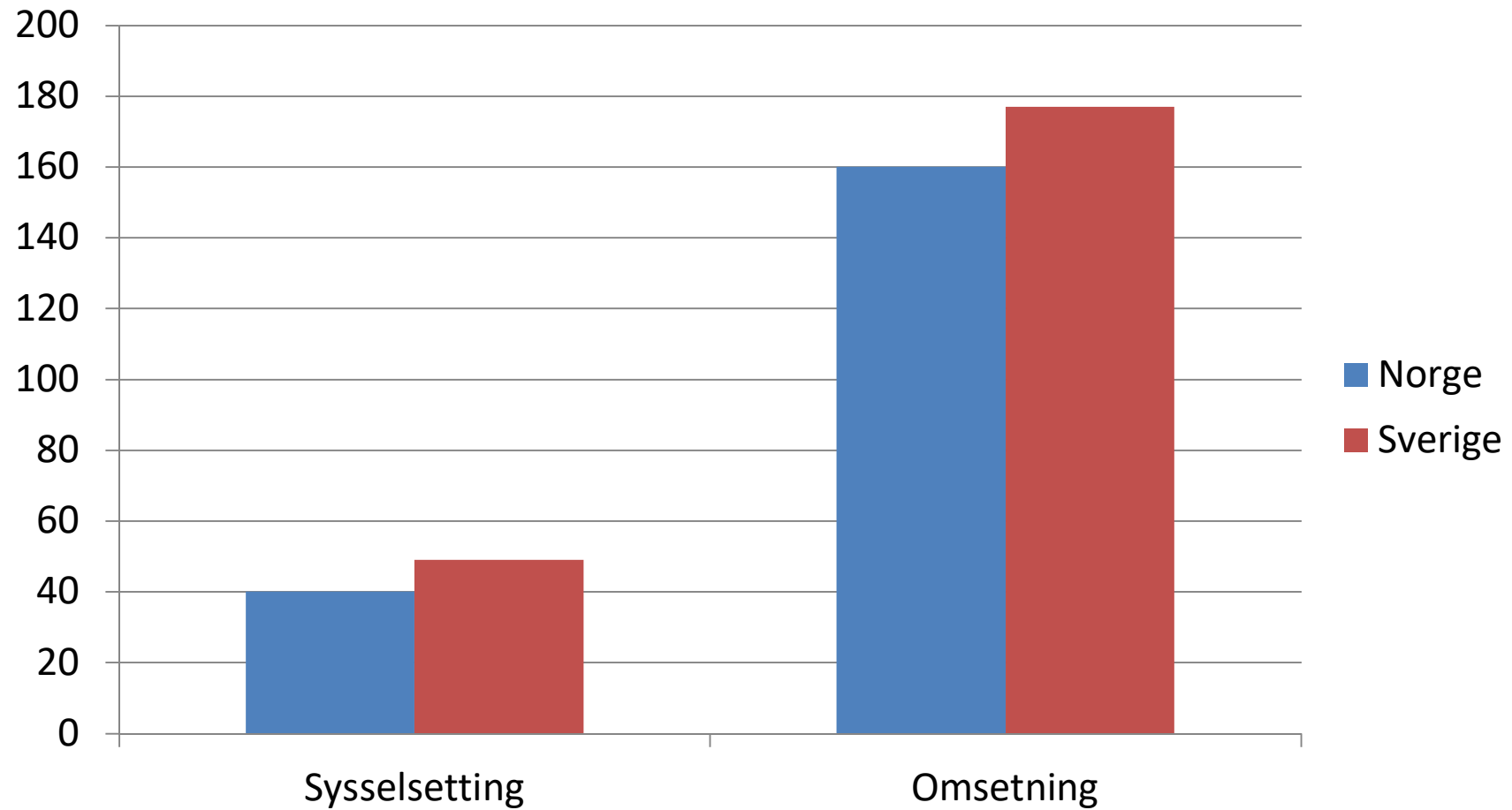


Total income NO, DK 2006-16 in bn

Danmark - Norge

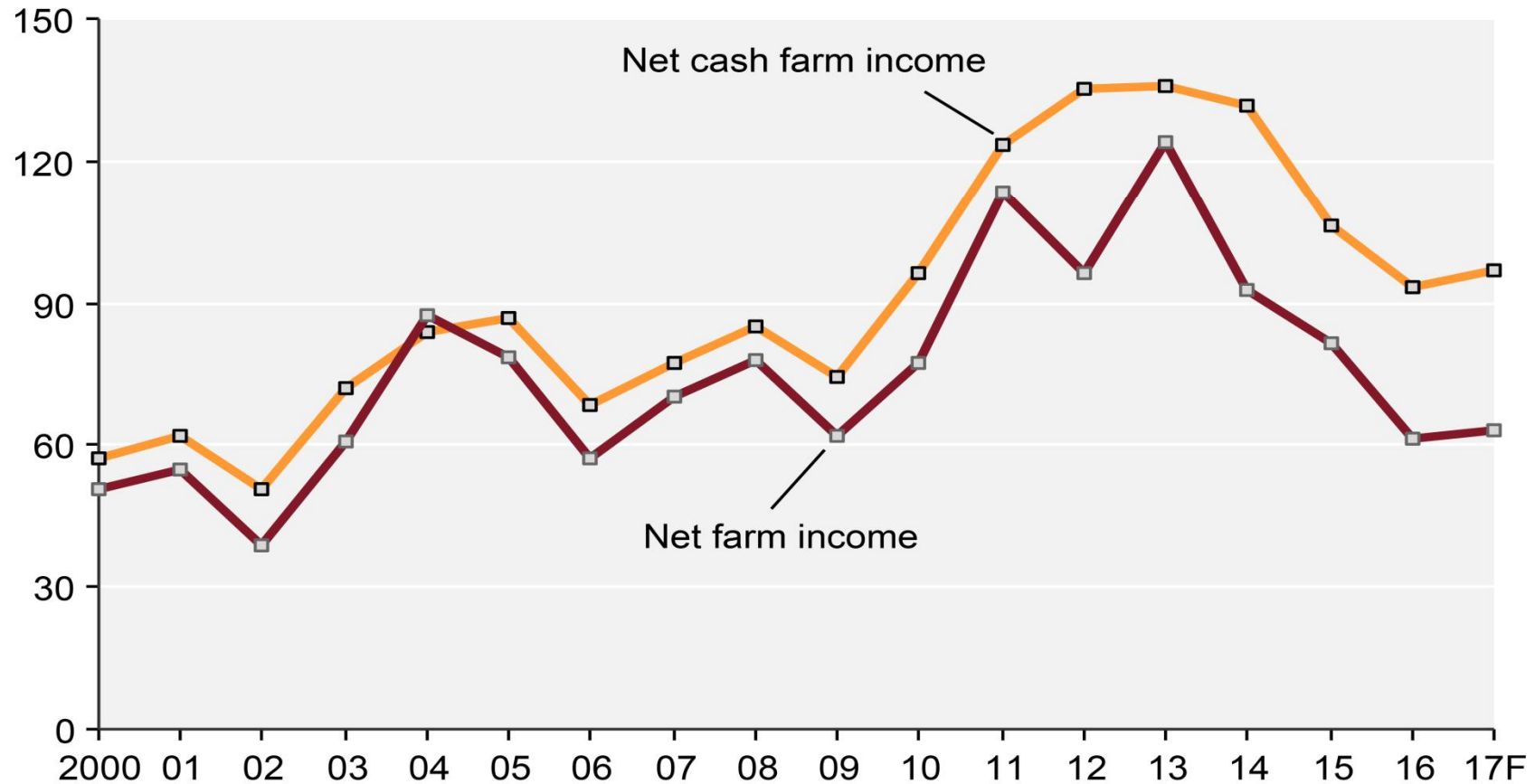


Turnover (bn) og employment ('1000) NO vs SE ag processing



Net farm income and net cash farm income, 2000-17F

\$ billion, nominal



Note: F = forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of November 29, 2017.

This is the third year in a row that farmers have seen financial losses on corn production. The national average total for the 3 years is \$175.23.

On the Ground: reporting from all corners of America

Why are America's farmers killing themselves in record numbers?

The suicide rate for farmers is more than double that of veterans. Former farmer **Debbie Weingarten** gives an insider's perspective on farm life - and how to help

● [I wrote about farmers' suicides - and the reaction has been overwhelming](#)

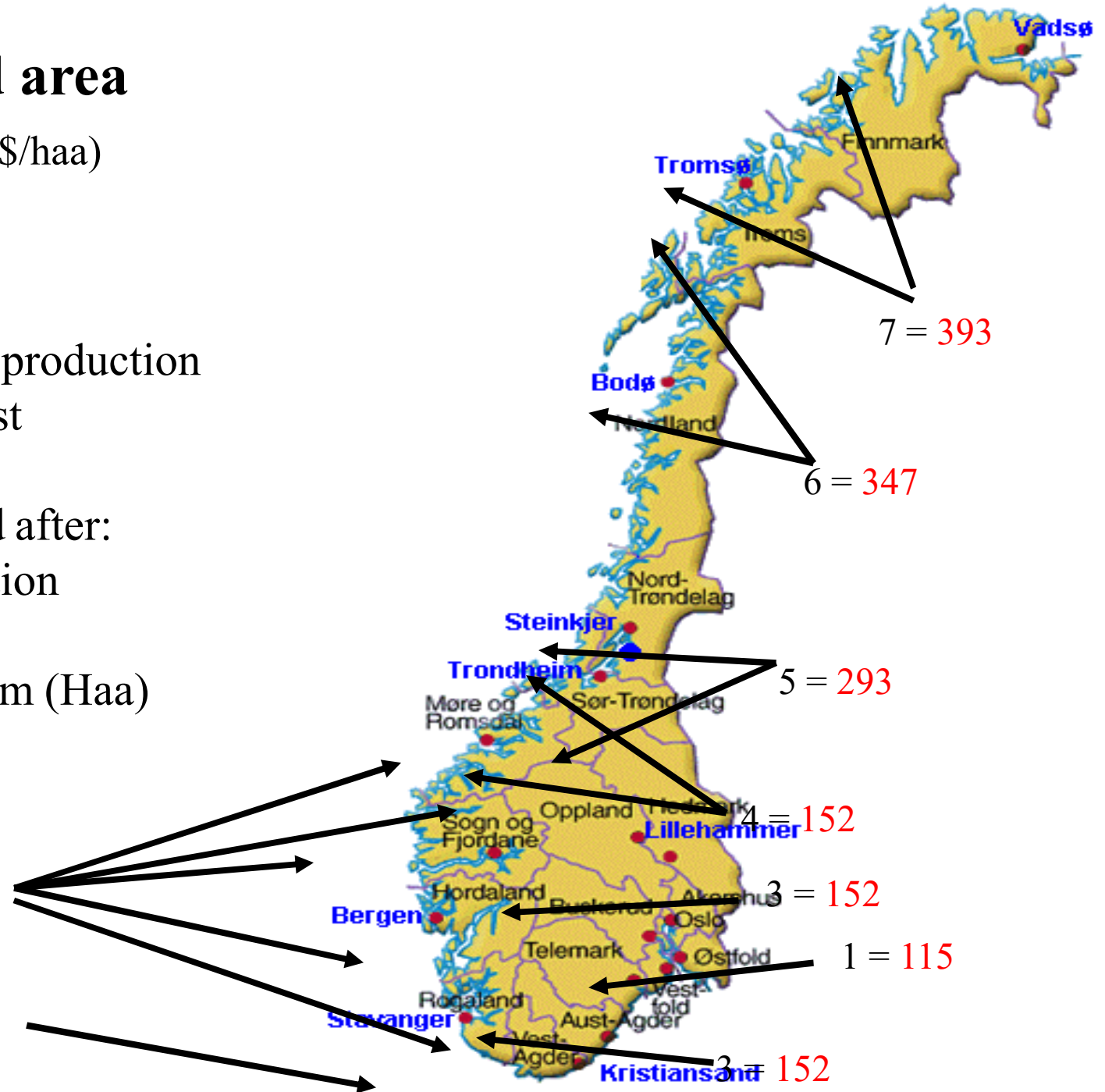
Market regulation system

- Balance flow of products
- Costs paid by producers through fee
- Regulation, information and competence building
- Administered by farmer owned coops
- Milk, meat, cereals



Finely tuned area subsidies (US\$/haa)

- 7 zones
- Highest rate where production conditions are poorest
- Rates differentiated after:
 - type of production
 - geography
 - size of each farm (Haa)



Differentiated livestock subsidies

- Type of livestock
- Number of animals per farm
- Subsidy for outfields



Regulations of production

Quotas for milkproduction



Max size for eggs, pigs and chicken



Regulation of properties

- Plight of living on the farm (5/10 years)
- No-split rule for the property
- Allodial law, right to buyback sold property for brothers, sisters and cousins
- Max prize on farms



The invisible hand of the market?

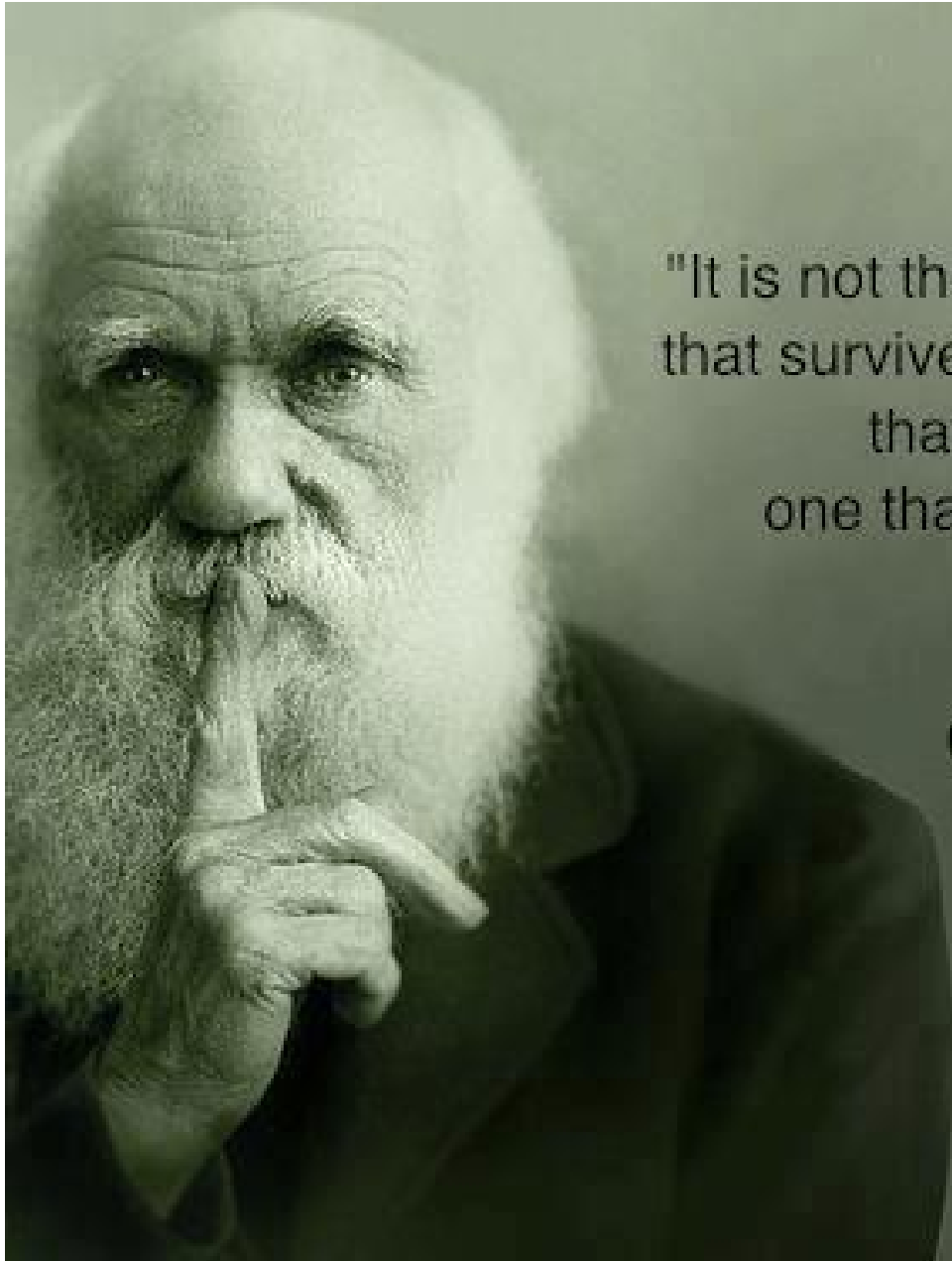
©Cartoonbank.com



CORPORATE LEADERS GATHER IN A FIELD OUTSIDE DARIEN, CONNECTICUT, WHERE ONE OF THEM CLAIMS TO HAVE SEEN THE INVISIBLE HAND OF THE MARKETPLACE.

Time for change?

- Norway is a case that shows that agricultural policy work
- Canada has a part of its agriculture under market regulation, ie dairy and poultry
- Reregulation i Switzerland
- Alternatives have been tried
- **Nothing is as strong as an idea whose time has come**



"It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change".

Charles Darwin